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S.F. No. 5235 – 2024 Public Finance Bill (as proposed to be amended by A-1)

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SF 5235 is the annual public finance bill from the Minnesota Institute of Public Finance.

Sections 1-3 and 5-7 are deleted by the A-1 amendment.

Section 1. Review and comment. Modifies the projects that are exempt from review and comment by the commissioner of education to include new construction, expansion, or remodeling of an educational facility. This section also clarifies that the review and comment requirement does not begin until the school district makes a final decision to enter into a contract or agreement.

Section 2. Publication. Extends, from 60 days before a referendum to 88 days before a referendum, the requirement that a school board publish a summary of the commissioner of education's review and comments. Where no such referendum is required, the publication and public meeting requirement does not apply.

Section 3. Lease purchase; installment buys. Clarifies that the review and comment requirements apply to projects that require an expenditure in excess of \$500,000 per school site if the school district has a capital loan outstanding, or \$2,000,000 per school site if the school district does not have a capital loan outstanding.

Section 4. Definitions. Modifies the definition of 'debt obligation' to include the construction of a court house or justice center if connected to a jail, correctional facility, or other law enforcement facility. Under current law, bonds issues for jails, correctional facilities, and law enforcement facilities are eligible for the Credit Enhancement Program administered by the Minnesota Public Facilities Authority. This Program provides limited state bond guarantees often resulting in higher credit ratings for counties and lower interest rates on general obligation bonds.

Section 5. Sections that apply if federal limit applies. Clarifies that the Minnesota Bond Allocation Act applies to bonds issued by economic development authorities that are required by federal law to obtain an allocation of the volume cap.

Section 6. Application for residential rental projects. Clarifies that for residential rental project allocations the period in which an issuer must permanently issue obligations shall be the earlier of: (1) 180 days of the allocation; or (2) the last business day of December.

Section 7. Application for all other types of qualified bonds. Clarifies that for all allocations, other than those issued for residential rental projects, the period in which an issuer must permanently issue obligations shall be the earlier of: (1) 120 days of the allocation; or (2) the last business day of December.